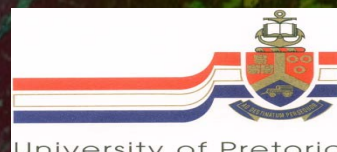


SACAU 2010 Policy Conference  
“Land in Southern Africa - Key issues for farmers”  
29-30 March 2010

# **Large Scale Land Acquisitions in Southern Africa: Characteristics, Perspectives and Regulation**

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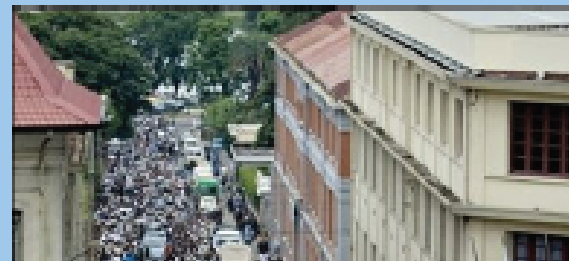


Since 2008  
Huge media attention on “*land grab*” & “*neo-colonialism*”

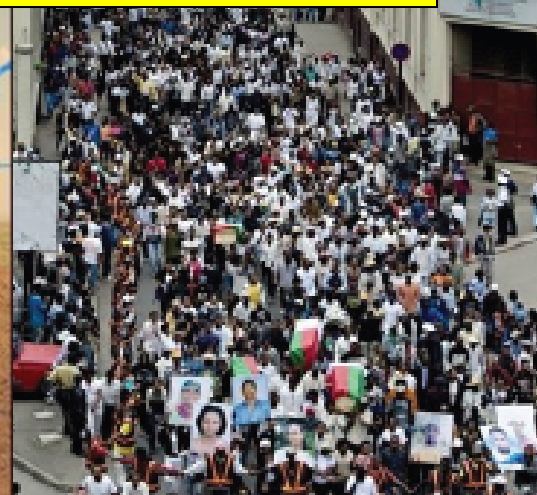
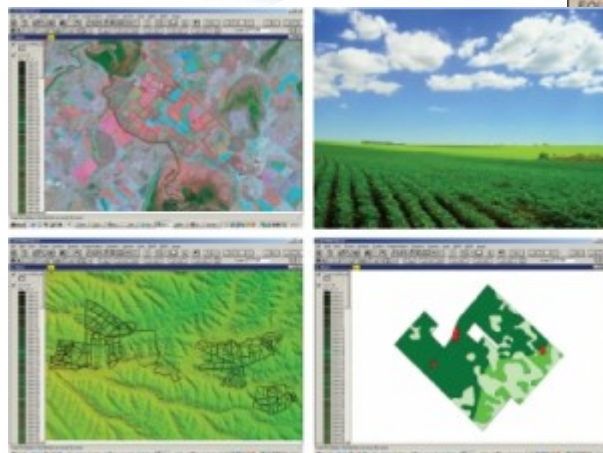


Madagascar: l'affaire Daewoo" alimente la colère contre le gouvernement

ANTANANARIVO (AFP) - 16/02/2009 12h46



“Africa investment sparks land grab fear”



Une manifestation à Antananarivo, le 9 février 2009



# **Large Scale Land Acquisitions in Africa:**

## **An initial analysis and perspectives**

1. Quantifying and qualifying these dynamics
2. Tendencies and evolution factors
3. Implications and stakes for agricultural and rural development
4. Roles and possible modes/instruments of regulation



## 1. Quantify and qualify these dynamics

- 20,000,000ha worldwide – 1/3 in Africa (IFPRI, 2009), in ALL Southern African countries
- Since 2004 (peak 2008)
  - ↑ number of projects/transactions
  - ↑ coveted areas (> 100 000 ha)
  - new (macro-)actors
- Difference between announcements/desire of the operators and the accepted/effective investments
  - Madagascar: 800,000ha acquired, 4Mha requested, representing 2.3% of arable lands
  - Coveted areas small compared to the potential agricultural lands ... but potentials to be discussed
  - Mozambique : 660,000ha acquired compared to 3.7Mha cropped and 34Mha arable land
  - Choice of the operators -> quality land or well situated / infrastructures

Very few effective projects

	World*	Mozambique	Tanzania	Madagascar	Zambia
Acquired Area (ha)	20 000 000	660 000	2 728 000	800 000	3 150 000
Nb projects	x	12	41	6	4
% of arable lands	0,5 to 4	1.9	3,1	2,3	4.2

Source : ILC (ongoing)



## Diversity of renewed drivers

- Agricultural activities:
  - for food production (mainly for investor country, foreign company)
  - Biomass production for energy

Direct integration of agricultural production, to avoid international markets

Direct export of production to investor country

But also:

- « Environmental » activities: forest conservation, carbon sequestration, REDD
- Non agricultural activities: tourism, game farms, golf estates
- Land speculation (short or long term)
- Rent seeking activities



## Diversity of operators

- **Investors**

>1000 ha : foreign investors –

Capital rich investors in search of NR

Qatar/UAE, China, South Korea but also Europe

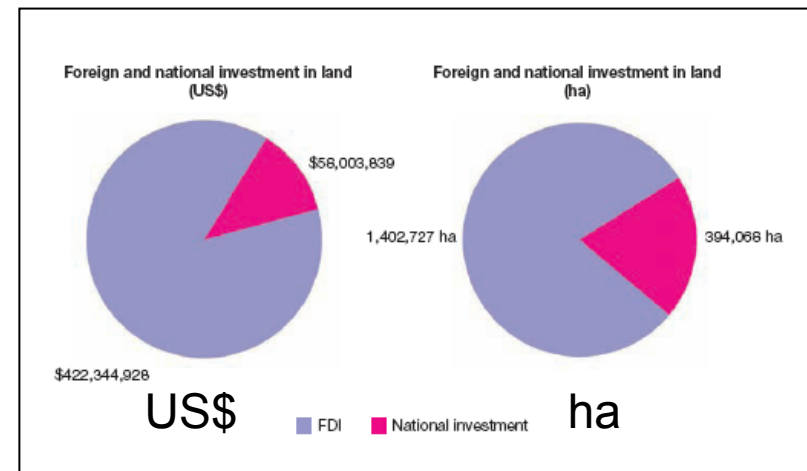
Private investors, Governments through public/private investment funds, pension funds, banks

- **Host countries: Primordial role of governments and elites**

- Seeking FDI + hope for direct benefits (employment) or indirect (infrastructure) + personal interest elites
- Non-titled land (communal - State lands) of which government/elites are regulators
- Facilitates processes (identification of land, investment agencies, fiscal advantages)

**Share of foreign and national investments in 5 African countries**

(Source: Cotula et al.,2009)

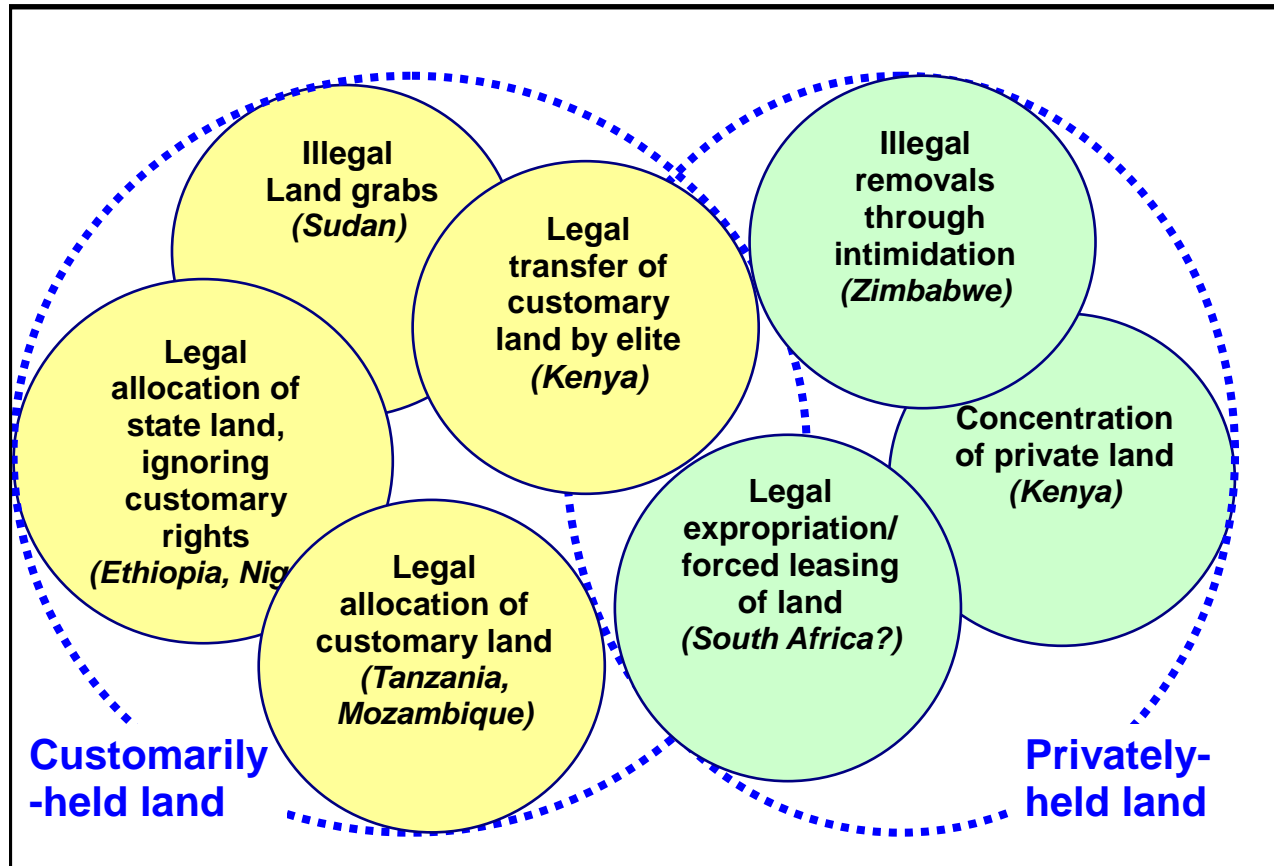




## The contrats and agreements

- Leasing (20, 30, 99 years) more frequent than purchase
- Processes often non-transparent
  - Agreements and contracts with government
  - Rarely with local communities (representation problem of local actors)
  - Lack of consultation with concerned populations and local actors
  - Poor compensation in case of expropriation and displacement
- Contracts very short and not very detailed, with very few conditions
  - Control and enforcement of contracts is a problem: for the 2 parties
  - Engagements regarding employment and infrastructure development not formalized

## Diversity of transactions and land acquisitions



- Different forms of land acquisition
- 'Land grab' not relevant term

Source: Adapted from ILC, 2009.





## 2. Tendencies and evolution factors

Slow down:

- Decrease of prices of agricultural commodities and of petrol,
- Financial crisis, slow down of the economy and difficult access to credit,
- Technical and organisational difficulties
  - Fragility of the production models (low productivity, climatic issues)
  - Poor evaluation of quality of services and infrastructure (poor infrastructure, lack of market access)
  - Poor environment of 'business doing'
- Social contestations and awareness of the social and political limitations of these practices

Madagascar: l'affaire Daewoo" alimente la colère contre le gouvernement

ANTANANARIVO (AFP) - 10/02/2009 12h46



Une manifestation à Antananarivo, le 9 février 2009



## Tendancies and evolution factors

But an on-going process

- ↑ Demand for certain agricultural commodities: demographic growth and change in consumption patterns
- ↑ Demand biomass production: decrease of fossil fuel and encouraging public policies for biofuels and carbon sequestration
- Increased fragility of financial markets: seeking more stable commodities (land)
- ↑ volatility of agricultural prices:
  - Decreased confidence in international markets and tendencies of integration of agricultural production (including of production abroad)
  - And, in context of scarce NR, increase of speculative practices (agricultural and land commodities)
- ↓ development aid, seeking of DFI (promoted by international financial institutions): opening-up of host countries

## **Tendancies and evolution factors**

### **Generalization of medium-scale acquisitions for industrial agriculture**

Medium size-land acquisition, legal, transparent, some type of redistribution

Industrialized production model (as seen in Latin America)

### **Development of contract farming practices**

Population keeps control of production, land rights, access to services (extension, credit, inputs), secured markets - Less control over production by investor (which might be in contradiction with main objective of delocalisation)

Direct Engagement of financial sector



**Sugar cane project**





### 3. Implications and stakes for agricultural and rural development

#### Positive:

- Investor: Securing (agricultural) production
- Host government / population:
- Employment and poverty reduction
  - Infrastructure and technology transfer
  - Food production and food security
  - Commercialization and enhancement of commercial balance, fiscal gains

#### Negative:

- Host government / population:
- Absence of compensation
  - Loss of access to land, NR and social rights (impacting family agriculture and pastoralists)
  - Food security and food sovereignty
  - Low job creation, questionable sustainability of jobs and labour conditions (export of labour)
  - Environmental issues/degradation (soil quality, volume and quality of water),
  - Non-transparency, governance issues and political destabilization



### 3. Implications and stakes for agricultural and rural development

-> Investment is necessary

- **Food security: a problem of access to food and not of quantity produced**

- = Enhance income of populations, securing their access to land and NR,  
Enhance access to services (credit, extension) and markets

- **Human rights, the right to self determination (food sovereignty) and the right to development**

- “foreign direct investment (FDI) should contribute to local and national development in a responsible manner”

- “the right of all peoples to freely dispose of their natural wealth and resources”

-> Investment conditions, code of conducts, etc.

-> Include minimum provision clauses (in case of food crises for example),

-> Promote production models allowing income provision/employment creation and preserving the access to land/NR of local populations,



## Implications and stakes for agricultural and rural development

### •Agricultural and rural development models

- > Public policy priority: defining and securing land rights (populations and investors)
- > Reinforce agricultural/rural policy and prospective and territorial governance instruments
- > Possible coexistence of different forms of agriculture, but a priority should be given to family production
- > Evaluation and selection of projects in function of their economic, social and environmental impact
- > Broader reflection on (rural) development model

### •Democratic and multi-level Land/NR governance and policy structures

- > Defining policies, securing land rights and negotiating of contracts/agreements (populations and investors) should include all stakeholders and respect existing institutions
- > Reinforce negotiation capacities – i) to engage in negotiations, ii) to balance power relations (collective action)
- > Dissemination and transparency of information
- > Identification/establishment of institutions capable to monitor and control the implementation of policies, the respect of contracts and dispute resolution mechanisms





## 4. Roles and possible modes of regulation

### 6 different types of initiatives:

- Guidelines

- Special Reporter on the Right to Food statement 'A set of core principles and measures to address the human rights challenge' (addendum on land acquisitions)
- FAO Voluntary Guidelines for responsible governance of tenure of land and other natural resources

- International frameworks indirectly related to land

- Right to self-determination (International Covenant on Economic, Social and Cultural Rights)
- Right to development (Declaration on the Right to Development)

- General CSR instruments (OECD guidelines for multinational enterprises, UN-Global Compact)

- Financial sector specific instruments (Equator principles, UN Principles for Responsible Investment, UNEP Finance Initiative)

- Commodity specific instruments (Forest Stewardship Council (FSC), Round Table for Sustainable Palm Oil (RSPO), EU sustainability criteria on biofuels/bioliquids, ...)

- Land related frameworks, institutions and policies at continental, regional and national (AU Guidelines for Land Policy in Africa , NEPAD Pillar 1, Regional policies, national policies)



## Roles and possible modes of regulation

- Role of International institutions (WB, FAO, IFAD, European Union, ...)
    - > definition by the different parties of voluntary directives – coupled to those linked to land
    - > subscription to CSR processes and financial sector instruments
    - > certification of agricultural production oriented to international markets
  - Roles of host States
    - > Development of national policies
    - > Development of criteria for project selection: economic, technical, social and environmental criteria
    - > Importance of inclusiveness and transparent negotiation processes
  - Role of specialised institutions, research, civil society, unions...
    - > support/accompany negotiations – develop own positions/conditions
    - > monitor and control i) of respect of agreements by different parties, ii) of land situation
    - > develop and offer expertise in and follow-up of economic, environmental and social aspects
    - > Information dissemination
- ➡ Importance of SACAU as regional entity